



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **SB 277** SLS 22RS 477  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 10, 2022	10:08 AM	<b>Author:</b> CORTEZ
<b>Dept./Agy.:</b> Transportation and Development, Treasury		
<b>Subject:</b> Creates the Megaprojects Leverage Fund		<b>Analyst:</b> Alan M. Boxberger

FUNDS/FUNDING EN SEE FISC NOTE SD EX See Note Page 1 of 2  
 Creates the the Megaprojects Leverage Fund. (gov.sig)

**Present law** provides that beginning in FY 24, 30% of the avails of the taxes from the sale, use, or lease of motor vehicles shall be deposited into the Construction Subfund of the TTF, increasing to 60% beginning in FY 25 and each fiscal year thereafter; provides that DOTD shall utilize up to 75% of the monies deposited into the subfund on certain enumerated mega projects; provides that if the Revenue Estimating Conference revises the official forecast resulting in a decrease of \$100 M or more from the official forecast of the beginning of the current year, the amount deposited into the subfund may not exceed \$150 M; and prohibits the issuance of total debt in excess of \$150 M per fiscal year that is secured by vehicle sales tax revenue deposited into the subfund.

**Proposed law** authorizes that relevant taxes shall also be deposited into the Megaprojects Leverage Fund; eliminates the REC trigger limiting the combined amount deposited into the Subfund and Leverage Fund to \$150 M; repeals the cap on the issuance of debt at \$150 M secured by monies in the subfund; creates the Megaprojects Leverage Fund and provides for deposits; creates four special

**SUMMARY CONTINUED ON PAGE TWO**

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	SEE BELOW	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

  

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

**Proposed law** creates the Megaprojects Leverage Fund in the state treasury and provides that the treasurer shall deposit into the Fund 75% of that portion of taxes from the sale, use or lease of motor vehicles that would be deposited into the Construction Subfund of the Transportation Trust Fund in accordance with LA R.S. 48:77(A)(2), in an amount not to exceed \$160 M annually. Under **present law**, beginning in FY 24, the projected deposits corresponding to 30% of these total taxes into the Construction Subfund are projected at \$161.3 M according to the REC estimate adopted on 5/9/22. Likewise, in FYs 25 and 26, the projected deposits corresponding to 60% of these total taxes into the Construction Subfund are \$325.1 M and \$299.6 M respectively. **Proposed law** diverts 75% of the deposit into the Megaprojects Leverage Fund in an amount not to exceed \$160 M annually. The amounts that would be deposited into the Megaprojects Leverage Fund are estimated at \$120.98 M in FY 24 and \$160 M in FY 25 and thereafter.

**Proposed law** allocates the proceeds of deposits into the Megaprojects Leverage Fund into four special accounts within the fund, with 25% deposited into each special account to provide funding for four enumerated megaprojects (see project information on page two).

**Proposed law** authorizes the state bond commission to issue motor vehicle sales and use tax bonds and pledge for the payment of principal and interest such portion of the motor vehicle sales and use tax as is to be deposited into the Megaprojects Leverage Fund pursuant to LA R.S. 48:77.1.

**Proposed law** creates the Motor Vehicle Sales and Use Tax Bond Fund and appropriate subaccounts for the purpose of securitization of any bonds that may be issued. Monies in the Motor Vehicle Sales and Use Tax Bond Fund shall be applied to pay debt service and all related costs on bonds issued by the bond commission for these specific projects. Debt payments will be constrained by the 25% allocation into each account and the bond market's willingness to issue appropriations-supported debt payments. **Proposed law** provides that bonds issued under this provision shall not be deemed to constitute a pledge of the full faith and credit of the state or any governmental unit thereof.

**Proposed law** directs an allocation of monies deposited into the Megaprojects Leverage Fund in equal amounts of 25% to each of four enumerated megaproject accounts. **Proposed law** will result in a deposit of approximately \$30.245 M into each account in FY 24 and \$40 M each in FY 25 and beyond.

**EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO**

**REVENUE EXPLANATION**

**Proposed law** will divert deposits from certain revenue sources from the Construction Subfund of the Transportation Trust Fund into the newly created Megaprojects Leverage Fund. **Proposed law** eliminates the REC trigger limiting the combined amount to be deposited into the Subfund and Megaprojects Leverage Fund to \$150 M in years when the REC reduces the SGF forecast by \$100 M or more from the official forecast at the beginning of the year. In years where such a trigger occurs, the full 30% (in FY 24) or 60% (in FY 25 and thereafter) will still be deposited into the Subfund and/or Megaprojects Leverage Fund. The LFO cannot determine the frequency of such occurrence.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

*Evan Brasseaux*  
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 Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

SUMMARY CONTINUED FROM PAGE ONE

accounts within the Megaprojects Leverage Fund and provides for deposits; provides for appropriations; provides for issuance of bonds; provides for the creation of the Motor Vehicle Sales and Use Tax Bond Fund and provides for deposits; provides for bond resolution requirements; provides that bonds issued shall not be full faith and credit obligations of the state, nor shall such bonds be considered net state tax supported debt; provides that once all projects have either been completed and issued final acceptance or a request by DOTD not to proceed has been approved by the House and Senate Transportation Committees, and any outstanding debt has been either repaid or defeased, there shall be no further deposits into the Megaprojects Leverage Fund; provides for inclusion of bonds as net state tax supported debt; and provides that prior to DOTD entering into a public-private partnership with respect to a megaproject the department shall obtain approval from the Joint Legislative Committee on the Budget.

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Project information is as follows:

I-10 Calcasieu River Bridge and I-10 Improvements Account

Estimated Total Project Cost: \$1.8 B plus for Calcasieu River Bridge and I-10 improvements
Current identified funding: \$200 M (\$85 M G.O. Priority 5, \$30 M Coronavirus Response and Relief Supplemental Accounts Appropriations Act, \$50 M American Rescue Plan Act and \$35 M in the Infrastructure Investment and Jobs Act);
New funding approved during 22 Regular Session: \$100 M non-recurring SGF allocation deposited into the Megaprojects Leverage Fund account for this purpose in HB 406 and an additional \$100 M appropriated in HB 2 out of the La Rescue Plan Fund.

I-49 South Leverage Fund Account

Estimated Total Project Cost: \$8.6 B for 15 project segments (5 are complete at total cost of \$200 M)
Current identified funding: \$7.5 M annually in Statutory Dedications out of the Unclaimed Property Leverage Fund
New funding approved during 22 RS: \$100 M non-recurring SGF allocation deposited into the Megaprojects Leverage Fund account for this purpose in HB 406 and in HB 2 an additional \$100 M appropriated out of the La Rescue Plan Fund plus \$3.5 M non-recurring SGF for utilities relocation in the Ambassador Caffery Interchange.

Mississippi River at Baton Rouge and Connections Account

Estimated Total Project Cost: Greater than \$2 B for bridge and connecting arteries
Current identified funding: None
New funding approved during 22 RS: \$300 M non-recurring SGF allocation deposited into the Megaprojects Leverage Fund account for this purpose in HB 406.

I-19 North Leverage Fund Account

Estimated Total Project Cost: \$865 M to \$1.2 B depending on route selection
Current identified funding: \$7.5 M annually in Statutory Dedications out of the Unclaimed Property Leverage Fund

Once any enumerated project has been completed and issued final acceptance, or the House and Senate Transportation Committees authorize a request by DOTD not to proceed, the project's corresponding Account shall receive no further deposits and monies that would have been deposited into that account shall be divided equally among accounts still eligible to receive deposits. Once all four projects are complete, deposits into the Megaprojects Leverage Fund will cease.

State Bond Commission reports that each \$25 M per year within an account to be used for bond indebtedness would allow for a bond sale of approximately \$375 M - \$500 M depending on market conditions and duration of payoff (20, 30 or 40 years). State Bond Commission reports that bonds issued in conjunction with this measure will result in issuance costs and annual debt service payments. The commission estimates ongoing costs, such as annual Trustee/Paying Agent fees, at \$10,000 annually, presumably paid from the Megaprojects Leverage Fund.

Fragmenting the monies deposited into accounts in equal allocated amounts for the four projects may result in extending the horizon before which any single project is fully completed. For example, in present law DOTD is permitted to use monies for any of the projects and could prioritize the available resources to complete the "most ready" project or the least expensive. In proposed law DOTD will have to wait until sufficient cash accumulates in a project's account so that, when added to available bond proceeds at a future point in time, the department will have sufficient resources to fully fund the project or a phase thereof. To the extent that the legislature is able to identify alternate funding sources to allocate to specific projects, DOTD enters into Public Private Partnerships (P3) to provide bridge financing for project costs, DOTD is able to break projects into phases, or other options materialize, expenditures may occur sooner. Before entering into a P3 partnership for a contemplated megaproject, DOTD must secure JLCB approval.

Proposed law is silent with regard to the status of seven projects enumerated in LA 48:77(C)(2) as cash managed capacity projects included in the highway priority program. These projects are also authorized to receive funding from the 75% allocation under LA 48:77 (A)(2). With a cap of \$160 M diverted into the Megaprojects Leverage Fund, these projects will remain eligible for funding of approximately \$165.1 M in FY 25 (\$325.1 M deposited into the Construction Subfund less \$160 M transferred into the Megaprojects Leverage Fund) and \$139.6 M in FY 26 and beyond (\$299.6 M deposited into the Construction Subfund less \$160 M).

Proposed law creates within the state treasury a marginal workload increase for the Department of Treasury associated with creation of two new Statutory Dedications, which can generally be absorbed with existing resources. However, to the extent other legislative instruments create additional workload, there may be material additional costs associated with the aggregate effort to administer these

- Senate Dual Referral Rules
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13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}
House
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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